NAJWYŻSZA IZBA KONTROLI

Management Control System

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Concept of Management Control System

- **The process aimed at achieving defined goals within an established timetable.**

- **The process by which managers influence other members of the organization, that implement the organization's strategies.**

- **An approach that enables an organization to achieve desired results (generally expressed in terms of "performance") by taking action to achieve those results and by dealing with the external and/or internal risks.**

Concept of Management Control System

The concept of management control in the public finance sector according to which it is generally the measures taken to ensure that the objectives and tasks are realized:

- **in accordance with the law**

- **effectively**

- **economically**

- **timely**

Concept of Management Control System

Management Control has a ex ante, current and ex post nature

- **It allows to check and assess planned activities.**

- **It allows on evaluation of the transformation of inputs into outputs.**

- **It allows to check and evaluate the steps already made.**

Concept of Management Control System

Who is responsible?

Ensuring adequate functioning, efficient and effective management control is the responsibility of:

- **the minister in the case of organizations leaded by him/her**

- **mayor, city president, chairman of the board of the local government unit**

- **head of the public organization, which belong to public finance sector**

Concept of Management Control System

The purpose of management control is to ensure in particular:

- **compliance with the laws and procedures**
- **the effectiveness of action**
- **reliability of reporting**
- **protection of resources**
- **compliance with and promote the principles of ethical conduct**
- **the effectiveness of the flow of information**
- **the risk management**

Concept of Management Control System

- ✓ **It serves the economization of the public sector - postulate in the concept of new public management.**

- ✓ **It serves the concept of public governance, where not only the final result of action taken is evaluated, but also the same mode of action is evaluated.**

Concept of Management Control System

- **Management control system should be subject to ongoing monitoring and evaluation.**

- **At least once a year, a self-assessment of management control system should be carried out by the management and employees of the unit.**

- **The head of units should use a self-assessment system, as well as the results of monitoring, internal and external audits as the source of information about.**

- **It is recommended, that an annual confirmation of the correctness of management control system within the organization should be signed by the head of unit.**

Concept of Management Control System

- **Compliance with ethical values**

- **Professional competence**

- **Organizational structure**

- **Delegation of tasks and power**

- **Mission, planning, organizing, evaluation of performance**

- **Risk management**

Ethical Values Inside Management Control System

- **Managers and employees should be aware of the ethical values adopted in the unit and follow these values during the performance of their tasks.**

- **Managers should support and promote compliance with ethical values, giving a good example by daily conduct and the decisions taken.**

Ethical Values Inside Management Control System

Some questions about ethical issues, asked during the self-assessment

- **Are employees informed about the principles of ethical conduct?**

- **Do they know how to behave, when will they witnessed serious violations of ethical rules of their organization?**

- **Do they think that the standards of ethical behavior are respected and promoted by managers?**

Improper Assessment of Ethics Inside Organization May Create Organizational Problems

- **lack of a visible, strong support from the management of the public organization**

- **limiting the scope of self-assessment**

- **lack of understanding by employees the needs of self-assessment**

- **underestimation of resources (time, people) necessary for the smooth**

- **conduct and document self-assessment**

- **organizational culture in the public organization, including management style, that employees give more expected than honest answers**

Improper Assessment of Ethics Inside Organization May Create Organizational Problems

Improper self-assessment leads to:

- **the belief, that ensuring integrity within the organization is a charade**

- **a culture of fear and anomy**

- **reduction of public trust**

Compliance Risk

Strategic Risk — Reputational Risk — Operational Risk

Financial Risk

How To Deal With the Problem?

Some questions that should be answered while assessing the proper implementation of tools of Management Control include:

- **Were they logically designed?**

- **Were they properly implemented?**

- **Are they working as expected?**

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Thank You